

Q. Can the load cap proposed by Ameren be expected to appropriately limit the scope for anti-competitive behavior in the Spot Market segment?

A. In my opinion, the load cap proposed by Ameren in the Spot Market segment could also be expected to limit the scope for anti-competitive behavior. There are expected to be 25 tranches in the Spot Market segment so that no bidder could bid and win more than approximately 13 tranches. I believe that the load cap can be expected to appropriately limit a bidder's ability to over-represent its interest in the auction and to curb the influence that any one bidder can have on the results of the auction. The reasons are similar to those I presented for the Fixed Pricing segment. The load cap is unlikely to limit participation from interested parties but is likely to limit any ability to overstate interest. The load cap along with provision to limit information as bidding nears a close is likely to curb any influence that a bidder or small group of bidders could exert on the auction results.

Q. Can you elaborate on Ameren's proposal for Associations and Confidential Information rules?

A. These rules are included in the Competitive Procurement Auction Rules filed in this proceeding. (See Resp. Ex. 6.9 attached to this testimony.) The Association and Confidential Information rules are essentially the same as those used in the New Jersey BGS auction process. The rules proposed by Ameren ensure that bidders in a segment are independent of each other, and that no bidder in a segment has information about the bids of its competitors. These rules appropriately refer to a given segment of the auction, given that the bidding in each segment is separate and that the qualification of bidders for the two segments is separate.

1186 In my opinion, these rules are specified appropriately given the auction design to
1187 minimize the scope for anti-competitive behavior.

1188 **Q. Do you believe that altogether the competitive safeguards proposed by Ameren are**
1189 **sufficient?**

1190 A. Yes, I believe that these measures are sufficient and should promote a competitive result
1191 in each segment of the auction.

1192 **V. THE DETAILS OF THE AMEREN PROPOSAL**

1193 **Q. You have just described Ameren's proposal for competitive safeguards. Are you**
1194 **aware of the details of the proposal by Ameren to use an auction process to procure**
1195 **supply for its customers that have not chosen an Alternative Retail Electric Supplier**
1196 **("ARES")?**

1197 A. Yes, I have reviewed the elements of the Ameren proposal and I have contributed to the
1198 Competitive Procurement Auction Rules that Ameren has filed in this proceeding.

1199 **Q. Could you please describe the elements of the Ameren Proposal?**

1200 A. Certainly. I would like to structure my answer to this question by referring to the eight
1201 key elements of an auction process that I identified when presenting the New Jersey BGS
1202 auction.

1203 **Q. Could you please present your understanding of the product design?**

1204 A. The Ameren proposal is to procure full-requirements service for all customers from its
1205 three Integrated Distribution Companies ("IDCs"), namely Central Illinois Light
1206 Company d/b/a AmerenCILCO, Central Illinois Public Service Company d/b/a
1207 AmerenCIPS, and Illinois Power Company d/b/a AmerenIP, through a single auction
1208 process.

1209 Starting January 1, 2007, customers that have not chosen an ARES will be on one
 1210 of two types of service: a fixed-price service and a real-time pricing service. R&SB
 1211 customers will be on a fixed-price service. LC&I customers will be on a real-time pricing
 1212 service unless they elect to take a fixed-price service and to remain on that service for one
 1213 year. LC&I customers will have a 30-day sign-up window that will start the first
 1214 business day after Ameren makes its Market Value Informational Filing pursuant to Rider
 1215 MV and that will end before the supply period begins on January 1, 2007.

1216 The load at auction could be as large as 8,000 MW. The load will be divided into
 1217 three categories: (1) BGS-FP load, which is the load of R&SB customers; (2) BGS-LFP
 1218 load, which is the load of LC&I customers who will have elected a fixed-price service;
 1219 and (3) BGS-LRTP load, which is the load LC&I customers who have not elected a
 1220 fixed-price service, R&SB customer who have elected a real-time pricing service, and
 1221 returning customers who have not yet committed to taking BGS service for a period of
 1222 one year. The load for each category will be divided into a number of tranches. For a
 1223 given category, each tranche will account for the same percentage of the load. (For
 1224 example, if the BGS-LFP load is divided into 25 tranches, each and every BGS-LFP
 1225 tranche accounts for 4% of the load of all BGS-LFP customers.) The number of tranches
 1226 for each category will be set so that the maximum size of each tranche (counting all
 1227 customers on Ameren service, as well as customers served by ARES who could return to
 1228 the service) is roughly 100 MW.

1229 **Q. Please describe the terms associated with the BGS products?**

1230 A. The supply period for BGS-LFP tranches and for BGS-LRTP tranches in the first auction
 1231 will be from January 1, 2007 to May 31, 2008. To harmonize the procurement process

with the MISO planning year, the BGS-LFP and for BGS-LRTP supply period for subsequent auctions will be 12 months, from June 1 to May 31.

There will be three supply periods for BGS-FP tranches in the first auction: January 1, 2007 to May 31, 2008; January 1, 2007 to May 31, 2009; and January 1, 2007 to May 31, 2010. As much as practicable, an equal number of tranches will be procured for each supply period. In subsequent auctions, one-third of the BGS-FP load will be procured annually for a three-year supply period.

Interested suppliers may bid for the right to provide full-requirements service for a portion of one or more of the load categories at auction, and for one or more supply periods.

Q. Is Ameren proposing a standard supply contract?

A. Yes, Ameren is proposing a standard supply contract for each load category and this supply contract specifies in detail the nature of the product to be supplied.

All bidders who win the right to serve BGS-FP load and who become a BGS-FP supplier will sign the same BGS-FP Supplier Forward Contract ("BGS-FP Contract"). This standard contract is filed in this proceeding. The BGS-FP Contract explains that the BGS-FP supplier will be required to supply full-requirements service for the portion of BGS-FP load corresponding to the number of tranches won. Full-requirements service includes energy, capacity, all losses and congestion costs, as well as any other services as may be required by MISO, but excluding Network Integration Transmission Service ("NITS"). As the load Serving Entity ("LSE"), the Ameren Illinois utilities will provide NITS and ancillary services. Each BGS-FP supplier is responsible for the costs of

ancillary services that will be provided by the Ameren Illinois utilities. Each BGS-FP supplier is required to be a MISO Market Participant, as MISO defines that term.

In exchange for providing this service, the BGS-FP supplier will receive the final price as determined at the auction (the price for each supply period may be different), times a seasonal factor, for the load that the supplier serves. The seasonal factor will be larger than 1.0 in the summer to account for higher costs, while it will be lower than 1.0 in the winter to account for lower costs.

As described in the BGS-LFP Supplier Forward Contract ("BGS-LFP Contract") filed in this proceeding, a bidder who wins at the auction and who becomes a BGS-LFP supplier will be required to supply full-requirements service for the portion of BGS-LFP load corresponding to the number of tranches won. All BGS-LFP suppliers will be required to sign the same standard contract. Just as above, each BGS-LFP supplier is responsible for the costs of ancillary services that will be provided by the Ameren Illinois utilities. Each BGS-LFP supplier will be required to become a MISO Market Participant, as MISO defines that term. In exchange for providing this service, the BGS-LFP supplier will receive the final price as determined at the auction times a seasonal factor for the load that it serves. The seasonal factor in the BGS-LFP contract in general will not be the same as the seasonal factor in the BGS-FP contract.

As described in the BGS-LRTP Supplier Forward Contract ("BGS-LRTP Contract") filed in this proceeding, a bidder who wins at the auction and who becomes a BGS-LRTP supplier will be required to supply full-requirements service for the portion of BGS-LRTP load corresponding to the number of tranches won. All BGS-LRTP suppliers will be required to sign the same standard contract. In exchange for providing

1277 this service, the BGS-LRTP supplier will receive a payment in two parts. The first part
1278 will be a payment for energy delivered to Ameren at the real-time hourly MISO Ameren
1279 Illinois zonal locational marginal price. The second part will be the charge determined at
1280 the auction for the BGS-LRTP product and will be a payment for managing all risks, and
1281 for providing capacity, as well as any other services required by MISO. Just as above,
1282 each BGS-LRTP supplier is responsible for the costs of ancillary services that will be
1283 provided by the Ameren Illinois utilities. The auction clearing price will be stated in
1284 \$/MW-day and the payment will be made on the basis of the capacity requirement for
1285 BGS-LRTP load on a daily basis and the share of the BGS-LRTP load for which the
1286 supplier is responsible.

1287 **Q. Please provide your understanding of the second element of the auction process**
1288 **proposed by Ameren, the auction format.**

1289 A. Certainly. The auction format specifies the way in which bids are solicited, processed,
1290 and the way that a clearing price and winners are determined at the auction.

1291 The Ameren proposal is to use a Simultaneous, Multiple Round, Descending
1292 Clock auction format (a "clock auction"), essentially the same as the format used in New
1293 Jersey, to procure load for all its customers. The auction is simultaneous in the sense that
1294 all products are procured in a single process. The auction will have multiple rounds. In
1295 each round, bidders state how many tranches they wish to supply of each product. At the
1296 end of each round, if more tranches are bid than are needed for a given product, then the
1297 price of that product "ticks down." This process continues until the amount bid is just
1298 enough for the number of tranches to be procured.

1299 **Q. Can you use an example to illustrate and explain further how the prices for the**
 1300 **products tick down?**

1301 A. Resp. Ex. 6.7 to this testimony provides a two-round example of how the clock auction
 1302 works in the Ameren proposal that illustrates how and when the prices tick down. Resp.
 1303 Ex. 6.8 to this testimony shows how a round proceeds.

1304 Following the example illustrated by Resp. Ex. 6.7 to this testimony, and the
 1305 schematic of the round presented in Resp. Ex. 6.8 to this testimony, first the Auction
 1306 Manager announces prices for each product in round 1. (The Auction Manager will have
 1307 first informed all registered bidders of the round 1 prices three days prior to the start of
 1308 the auction.) The products are separated into two segments – the Fixed Pricing segment
 1309 and the Spot Market segment. In the Fixed Pricing segment there are products: the BGS-
 1310 FP load for a 17-month supply period, the BGS-FP load for a 29-month supply period,
 1311 the BGS-FP load for 41-month period, and the BGS-LFP load for a 17-month period. In
 1312 the Spot Market segment, there will be one product: the BGS-LRTP load for a 17-month
 1313 period. In subsequent auctions there will be two products in the Fixed Pricing segment, a
 1314 three-year BGS-FP product and a one-year BGS-LFP product, and one product in the
 1315 Spot Market segment, the BGS-LRTP product.

1316 Bidders then bid by stating how many tranches of each product they wish to serve
 1317 for each of the products at the round 1 prices. At the end of the bidding in round 1, the
 1318 Auction Manager calculates the number of tranches bid for each product. If there are
 1319 more tranches bid than are needed for a product, the price for that product ticks down and
 1320 a lower price is announced for round 2. The greater is the excess supply on a product, the

1321 greater will be the tick down in the price. This is illustrated, in a general way, in the
1322 example displayed as Resp. Ex. 6.7 to this testimony.

1323 **Q. In your example, there is just enough supply for the BGS-FP 41-month product and**
1324 **the price does not tick down. Does that mean that bidding on the BGS-FP 41-month**
1325 **product has concluded?**

1326 A. No, it does not. In the Fixed-Pricing Segment, the bidding for all products will close at
1327 the same time. Bidding does not close on the BGS-FP 41-month product because it would
1328 be anticipated that, as prices on other products in the Fixed Pricing segment tick down
1329 while the price of the BGS-FP 41-month product stays at \$77.00/MWh, bidders would
1330 switch to the BGS-FP 41-month product from other products in the Fixed Pricing
1331 segment.

1332 **Q. In your example, what happens after bidding has ended in round 1?**

1333 A. Once the first round of bidding has ended and the calculations are made, the Auction
1334 Manager announces the prices for round 2 to the bidders, along with an indication of the
1335 excess supply for the Fixed Pricing segment and an indication of the excess supply for
1336 the Spot Market segment. (See Resp. Ex. 6.8 attached to this testimony.) Bidders are
1337 given time to consider this information, and then the next bidding window begins.

1338 **Q. What will bidders do in round 2?**

1339 A. In round 2, bidders bid at the new prices announced by the Auction Manager. Bidders
1340 state how many tranches of each product that they wish to supply at the going prices for
1341 the round. In response to the new prices in the round, a bidder can always leave its bid
1342 unchanged. In the Spot Market segment, in which there is only one product, the only
1343 other course of action open to a bidder is to reduce its number of tranches bid. A bidder

can never increase the total number of tranches bid in a segment. In the Fixed Pricing segment, in which there are several products, a bidder may reduce (but not increase) its number of tranches bid in total. Also, a bidder may allocate its tranches differently so that it is bidding more on some product and less on other products in that segment, effectively switching its tranches from one product to another. The bidder cannot switch their tranches from one product in the Fixed Pricing segment to the Spot Market segment or *vice-versa*. The example in Resp. Ex. 6.7 to this testimony presents a situation where bidders in round 2 switch into the higher priced BGS-FP 41-month product from other products in the Fixed Pricing segment. Bidders have also reduced their number of tranches bid in the Spot Market segment in response to the decrease in price.

Q. When does the process end?

A. Bidding for a segment ends when the total number of tranches bid equals the number of tranches being procured. The auction may end at different times for the two segments. The bidders with bids remaining at the end of the auction are the winning bidders because they were willing to bid at the lowest prices.

Ameren has filed a detailed set of rules in this proceeding; they are included as the Competitive Procurement Auction Rules.

Q. Can you provide additional detail regarding the bidding rules and how they may differ across the two segments?

A. As I have been asked to prepare testimony specifically on the details of the bidding rules, I will describe these in more detail later.

1365 **Q. Can you please provide you understanding of the next elements of the Ameren**
1366 **proposal, the management of the bidder interface?**

1367 A. The bidder interface is the way in which bidders are provided with information about the
1368 auction process, the way in which data are disseminated and the way in which the auction
1369 opportunity is promoted.

1370 My understanding is that Ameren's Proposal calls for Ameren to engage an
1371 Auction Manager. Once the Competitive Procurement Auction proposal is approved by
1372 the ICC, the Auction Manager will provide the interface with bidders and will serve as
1373 the main point of contact for bidders.

1374 Under this proposal, the Auction Manager would be responsible for:

- 1375 • maintaining a web site that will provide all needed documents, announcements of
1376 events and deadlines, as well as all load data to bidders;
- 1377 • Answering bidder questions and posting questions and answers received to a web site;
- 1378 • Providing technical help to bidders with respect to the Competitive Procurement
1379 Auction Rules and the bidding procedures, including drafting manuals and
1380 information packages;
- 1381 • Leading bidder training and bidder information sessions; and
- 1382 • Managing the bidding procedure to receive bids and make calculations during the
1383 auction.

1384 **Q. What is your understanding of Ameren's proposal concerning qualification**
1385 **requirements?**

1386 A. The qualification requirements of the Ameren proposal are generally set forth in the
1387 Competitive Procurement Auction Rules filed in this proceeding. (See Resp. Ex. 6.9

attached to this testimony.) Details of the qualification requirements would be provided to bidders and would be embodied in the application forms. These application forms would be finalized no later than eight weeks before the auction is held.

Generally, my understanding is that the application process is in two parts. The Part 1 Application requires interested parties:

- To certify that they have no impediments to meeting the requirements of the appropriate BGS Supplier Forward Contract;
- To provide financial information for an assessment of their creditworthiness;
- To agree that, should they become qualified bidders, they will keep the list of qualified bidders confidential;
- To agree to comply with the Competitive Procurement Auction Rules and the appropriate BGS Supplier Forward Contracts;
- To agree that if they win at the auction, they will demonstrate compliance with the creditworthiness requirements set forth in the appropriate BGS Supplier Forward Contracts within a short period of time, such as three business days.

Interested Parties that succeed in the Part 1 Application process become Qualified Bidders for the Fixed Pricing segment, or the Spot Market segment, or both. Each Qualified Bidder for a segment receives a confidential list of all Qualified Bidders for that segment. A Qualified Bidder must use this list as the basis for making a number of certifications required by the Associations and Confidential Information Rules, which are administered through the Part 2 Application.

Qualified Bidders for a segment can (but are not required to) submit a Part 2 Application. In their Part 2 Applications, Qualified Bidders must:

- 1411 • make a number of certifications regarding associations, to ensure that they are
- 1412 bidding independently of other parties in the Auction and to ensure the confidentiality
- 1413 of information regarding the Auction;
- 1414 • submit an indicative offer for each auction segment (the Fixed Pricing segment and/or
- 1415 the Spot Market segment) for which they have qualified;
- 1416 • indicate, for the Fixed Pricing segment, a preliminary interest in each product;
- 1417 • submit pre-auction security in proportion to their indicative offer(s).

1418 After its Part 2 Application is accepted, a Qualified Bidder becomes a Registered
 1419 Bidder for one or both segments. Each Registered Bidder for a given segment is provided
 1420 with a confidential list of all Registered Bidders for segments in which it is registered, as
 1421 well as the total initial eligibility for the segment. Pre-auction security posted with the
 1422 Part 2 Application remains in full force until the conclusion of the post-auction
 1423 consideration period. After the post-auction consideration period has concluded, pre-
 1424 auction security for bidders that have failed to win any tranches is returned promptly.
 1425 Pre-auction security for a bidder that has won tranches is returned once the bidder has
 1426 executed the appropriate Supplier Forward Contract and has met the creditworthiness
 1427 requirements under the Contract, including posting any necessary security.

1428 **Q. Please describe your understanding of the fifth key element of the Ameren Proposal,**
 1429 **the rate design, which specifies how the final auction prices are translated into retail**
 1430 **rates.**

1431 A. It is my understanding is that the Ameren Proposal establishes four rate classes:

- 1432 • Class 1 for each residential customers;
- 1433 • Class 2 for business, commercial and industrial customers below 150 kW;

- 1434 • Class 3 for business, commercial and industrial customers above 150 kW but below 1
1435 MW; and
- 1436 • Class 4 for commercial and residential customers 1 MW or over.

1437 For each of these rate classes, there will be a tariff for customers taking fixed-
1438 pricing service and a tariff for customers taking real-time pricing service. Each fixed-
1439 pricing tariff rate will be established on the basis conversion factors that will translate the
1440 auction price (or auction prices, after the first auction) into retail rates. The conversion
1441 factors will be calculated on the basis of a comparison between the system cost and the
1442 cost of individual customer classes. For example, if the cost to serve all R&SB
1443 customers in the summer is 1.2 times more than the cost of serving all BGS-FP
1444 customers, and the auction price is \$50/MWh, then the summer retail rate for R&SB
1445 customers would \$60/MWh (1.2 x \$50/MWh).

1446 The tariff for customers on real-time pricing service will consist of two
1447 components. The first component will be a fixed charge determined at the auction that
1448 represents the cost of providing all capacity, fixed ancillary services, certain fixed
1449 Transmission, and risk management. The second component will be energy costs priced
1450 at the local hourly spot market.

1451

1452 **Q. What is your understanding of Ameren's proposal for regulatory involvement?**

1453 A. My understanding is that Ameren will want the ICC Staff to be intimately involved with
1454 the process, and will want an Auction Advisor to help the ICC and the ICC Staff monitor
1455 and evaluate the results of the auction.

1456 Specifically, my understanding is that the roles of the ICC and ICC Staff, the role
1457 of the Auction Advisor, the role of Ameren, and the role of the Auction Manager retained
1458 by Ameren would be as follows.

1459 The ICC and ICC Staff will:

- 1460 • Keep apprised of the result of the qualification procedure, and review an interim
1461 report provided by the Auction Manager summarizing the interest in the auction; and
- 1462 • Conduct a prompt review during the post-auction consideration period to determine
1463 whether to provide a written notification to Ameren concerning the auction, which
1464 would trigger certain contingency provisions under the tariff.

1465 An Auction Advisor, retained by the ICC, will oversee the conduct of the auction,
1466 brief the ICC during the auction process, and provide advice on whether the ICC should
1467 provide a written notification to Ameren concerning the auction.

1468 Ameren will:

- 1469 • Retain an Auction Manager to administer the auction;
- 1470 • Support the Auction Manager in promoting the auction opportunity;
- 1471 • Supply data and other key information to the Auction Manager that suppliers would
1472 use to prepare their bids and that will be made available to bidders through the web
1473 site maintained by the Auction Manager;
- 1474 • Provide follow-up technical support to the Auction Manager in response to specific
1475 questions received by bidders with respect to the data and Supplier Forward Contract;
- 1476 • Review and approve financial qualifications in the Part 1 Application; and
- 1477 • Execute the Supplier Forward Contracts with the suppliers.

1478 The Auction Manager will:

- 1479 • Set up and maintain a web site for the dissemination of Auction information;
- 1480 • Manage the bidder interface, including serving as a clearing house for all bidder
- 1481 inquiries and comments, developing application forms, managing the qualification
- 1482 and registration of bidders, developing and testing bidding procedures, and training
- 1483 bidders;
- 1484 • Provide technical help to bidders with respect to the Competitive Procurement
- 1485 Auction Rules and the bidding procedures;
- 1486 • Review and resolve any issues arising over associations with the Auction Advisor;
- 1487 • Administer the bidding procedures and make round-by-round decisions during the
- 1488 auctions;
- 1489 • Provide to the ICC a report after the Part 2 Application and a report at the conclusion
- 1490 of the auction;
- 1491 • Deliver to Ameren a factual report on the auction that will be made public and serve
- 1492 to improve future auction processes;
- 1493 • Coordinate between the ICC, ICC Staff, the Auction Advisor, and Ameren; and
- 1494 • Review the experience in the auction with stakeholders and suggest improvements for
- 1495 future auctions.

1496 **Q. What is your understanding of the cost recovery assurances proposed by Ameren?**

1497 A. My understanding is that Ameren will ask the ICC to deem the acquisition of supply
1498 through the auction to be prudent as long as the ICC concludes that no grounds exist to
1499 initiate an investigation on its own motion under Section 9-250 or other applicable
1500 provisions of the Public Utilities Act.

1501 **Q. Does this conclude your overview of the elements of the Ameren proposal?**

1502 A. Yes, it does.

1503 **VI. THE DETAILS OF THE COMPETITIVE PROCUREMENT AUCTION RULES**

1504 **Q. Has Ameren developed proposed detailed Competitive Procurement Auction Rules?**

1505 A. Yes. I have worked with Ameren to develop the Competitive Procurement Auction
1506 Rules. The Competitive Procurement Auction Rules are attached to my testimony and
1507 labeled as Resp. Ex. 6.9.

1508 **Q. Can you now please provide a detailed description of the bidding rules for the clock
1509 auction?**

1510 A. Certainly. The bidding rules are fully described in the Competitive Procurement Auction
1511 Rules filed in this proceeding and I will summarize them here. (*See* Resp. Ex. 6.9
1512 attached to this testimony.) The auction is a simultaneous, multiple round descending
1513 clock auction. The auction simultaneously procures supply for all products, namely for all
1514 load categories (*i.e.*, BGS-FP, BGS-LFP, and BGS-LRTP) and for all contract terms (*i.e.*,
1515 17 months for BGS-FP, BGS-LFP, and BGS-LRTP, as well as 29 months and 41 months
1516 for BGS-FP). The auction proceeds in rounds. In each round, bidders submit bids, bids
1517 are tabulated, and bidders are provided information on the general progress of the
1518 auction. The auction is a descending clock because prices tick down until there is just
1519 enough supply to meet the requirements.

1520 **Q. You mention that the auction has several products. Is a bidder able to bid on any
1521 and all products in the Ameren auction?**

1522 A. Not necessarily. A bidder who is qualified and then registered for both segments of the
1523 auction (the Fixed Pricing segment and the Spot Market segment) will be able to bid on

all products in the Ameren auction. However, a bidder can meet the qualification requirements through a Part 1 Application, and then register through a Part 2 Application for only one of the segments of the auction, either the Fixed Pricing segment or the Spot Market segment. If this is the case, the bidder only is able to bid on the products that are included in the segment for which the bidder has registered. In the first auction, tranches of BGS-FP load offered for a 17-month supply period, a 29-month supply period, and a 41-month supply period will be different products, which means that a bidder can bid on tranches of BGS-FP load for any one, or for any combinations of these terms.

Q. You mention that the auction proceeds in rounds. In the first round, can a bidder in a segment bid any number of tranches?

A. No, the bidder cannot bid any number of tranches.

There is a maximum number of tranches in total that the bidder in a segment can bid in the first round. The maximum number of tranches that a bidder can bid is that bidder's indicative offer submitted by that bidder in its Part 2 Application. The bidder's indicative offer specifies the maximum number of tranches that the bidder is willing to serve at the maximum starting price for the segment. The bidder posts pre-auction security with the Part 2 Application to support the indicative offer. The pre-auction security demonstrates that the bidder would be able to meet the creditworthiness requirements of the Supplier Forward Contract should the bidder win the number of tranches specified in the indicative offer. This is in addition to the other role that pre-auction security fulfills, namely that of assuring serious offers at the indicative stage. The fact that security must be posted means that bidders are discouraged from making offers they would be unwilling to follow through on.

1547 There is no minimum number of tranches that the bidder in a segment must bid in
1548 the first round. The bidder can bid any number of tranches in a segment as long as it does
1549 not exceed the indicative offer at the maximum starting price.

1550 **Q. Why is the bidder not forced to bid his indicative offer in the first round?**

1551 A. There are two reasons. One reason is that the offer is meant only to be indicative of the
1552 maximum willingness to supply of the bidder at one point in time, namely when the Part
1553 2 Applications are submitted. Market conditions may change between the time at which
1554 the indicative offer is submitted and the time of the auction. The bidder may also have re-
1555 assessed its strategy and find itself less willing to supply given other business
1556 opportunities.

1557 The second reason is that the indicative offer is submitted at the maximum
1558 starting price. The Auction Manager and Ameren establish before the Part 1 Application
1559 a maximum starting price (and a minimum starting price) in consultation with the
1560 Auction Advisor and ICC Staff. The price at which the auction actually starts, *i.e.*, the
1561 round 1 price, will be somewhere between the minimum starting price and the maximum
1562 starting price. A bidder's willingness to supply at the actual round 1 price can then be
1563 expected to be less than the indicative offer that was at the (higher) maximum starting
1564 price.

1565 **Q. Why, in round 1, is a bidder not able to bid more tranches than its indicative offer**
1566 **at the maximum starting price?**

1567 A. The bidder has provided with its Part 2 Application pre-auction security that provides
1568 financial guarantees for the number of tranches in its indicative offer at the maximum
1569 starting price. If the bidder were allowed to bid in round 1 more tranches than its

1570 indicative offer, the bidder might win more tranches than its indicative offer. The bidder
 1571 will not have shown that it could meet the creditworthiness requirements for that (higher)
 1572 number of tranches. In such a situation, a bidder might win a number of tranches and then
 1573 be unable to provide the required security when the contract is signed.

1574 **Q. Why are you not mentioning that the bidder's bid in round 1 is also constrained by**
 1575 **the load cap in the segment?**

1576 A. In the Part 2 Application, an indicative offer would only be accepted if the number of
 1577 tranches in the indicative offer is at the load cap or below. Therefore, when a bidder in
 1578 the first round bids a number of tranches at or below the indicative offer, the bidder is
 1579 automatically bidding at the load cap or below for that segment.

1580 **Q. Can you describe, for the Spot Market segment, how the first round of the auction**
 1581 **will proceed?**

1582 A. The Auction Manager announces the price for BGS-LRTP product (*i.e.*, BGS-LRTP load
 1583 for a 17-month supply period). The Auction Manager will have informed the registered
 1584 bidders of the level of the round 1 price three business days before the start of the
 1585 auction.

1586 The bidding phase of the round opens. In the bidding phase, bidders in the Spot
 1587 Market segment submit bids. A bid is the number of tranches of the BGS-LRTP product
 1588 that the bidder is willing to serve at the round 1 price.

1589 When the bidding phase closes, the calculating phase begins. The Auction
 1590 Manager calculates the total number of tranches bid for the BGS-LRTP product. The
 1591 Auction Manager calculates the excess supply, *i.e.*, the number of tranches bid in excess
 1592 of the number of tranches needed. The Auction Manager determines the price for round 2

1593 based on the amount of excess supply. The greater is the excess supply – the greater is the
1594 number of tranches bid in excess of the need – the more the price will tick down, and the
1595 lower will be the round 2 price.

1596 When the calculating phase closes, the reporting phase begins. The Auction
1597 Manager provides to all bidders information regarding the general progress of the auction
1598 to this point. The Auction Manager provides the price for round 2. The Auction Manager
1599 also provides a measure of the excess supply on the BGS-LRTP product. Bidders will
1600 then be able to submit new bids when the bidding phase opens for round 2.

1601 **Q. What would happen if the number of tranches bid on the BGS-LRTP product fell**
1602 **short of what was needed in the first round?**

1603 A. The Auction Manager would follow guidelines to cut back the volume in the Spot Market
1604 segment. The volume would be cut back to ensure a competitive bidding environment, as
1605 I explained when reviewing the competitive safeguards included in the Ameren proposal.
1606 It should be noted that the Auction Manager might need to cut back the volume in the
1607 segment if there were a sufficient number of tranches bid to cover what is needed, but not
1608 enough to ensure that the bidding environment was competitive.

1609 **Q. How does round 2 proceed in the Spot Market segment?**

1610 A. The round proceeds in the same way as round 1. In the bidding phase, a bidder bids the
1611 number of tranches of the BGS-LRTP product that the bidder is willing to serve at the
1612 round 2 price. In the calculating phase, the Auction Manager calculates the total number
1613 of tranches bid for the BGS-LRTP product across all bidders, calculates the excess
1614 supply, and determines the price for the next round (round 3) based on the amount of

1615 excess supply. In the reporting phase, the Auction Manager provides to the bidders the
1616 price for round 3 and a measure of the excess supply on the BGS-LRTP product.

1617 **Q. In round 2, can a bidder in the Spot Market segment bid any number of tranches?**

1618 A. No, the bidder cannot bid any number of tranches.

1619 The bidder can either: (a) bid the same number of tranches that the bidder bid in
1620 round 1; or (b) decrease the number of tranches bid from round 1. The bidder cannot
1621 increase the number of tranches bid. This will hold true in round 3 and all subsequent
1622 rounds. A bidder can never increase the number of tranches the bidder bids from one
1623 round to the next.

1624 To put it another way, there is a maximum number of tranches that the bidder can
1625 bid in a round: this maximum number of tranches is the bidder's number of tranches bid
1626 in the previous round. (It is also referred to as the bidder's *eligibility*.) There is no
1627 minimum number of tranches that the bidder must bid; a bidder can choose to decrease its
1628 number of tranches down to zero.

1629 **Q. Why is there a rule prohibiting a bidder from bidding more in a round than it bid in**
1630 **the previous round?**

1631 A. There are two reasons.

1632 The first reason is that the rule is needed so that the market information that
1633 bidders receive through the auction is reliable. A bidder's willingness to supply is
1634 naturally highest when the price is high, and the bidder's willingness to supply should
1635 naturally decline as the price drops. If a bidder could increase the amount bid from one
1636 round to the next, the bidder would be increasing supply as the price drops, which is not
1637 economically rational. Most likely, the bid at the higher price did not really reflect how

much the bidder was willing to supply and the bidder would simply hiding its intentions in the hope of gaining a strategic advantage on other bidders. If this were allowed, then the information provided to bidders regarding the supply at various price points would not be reliable. The rule requiring bidders to maintain or reduce the amount they bid as the price drops prevents them from gaming the information that is provided to them on a round-by-round basis.

The second reason is that, without the rule, it would be difficult to know when bidding had truly ended and when the lowest price had been reached. It could be that in one round, the supply bid was not sufficient to meet the requirements. But if bidding in the segment then closed, the bidding may not have closed at the lowest price at which bidders were willing to supply the requirements, since bidders could change their minds, increase supply, and tick the price down further next round. The rule therefore helps bring an orderly end to the bidding, at the lowest price at which the need can be met.

Q. When a bidder is decreasing the number of tranches bid from one round to the next, does the bidder have to provide additional information to the Auction Manager?

A. Yes. If a bidder decreases the number of tranches bid from one round to the next, the bidder is required to name an exit price for the tranches it is withdrawing out of the segment.

Q. Can you explain what an exit price is?

A. When a bidder withdraws tranches, the bidder was willing to serve these tranches at the previous price but is no longer to serve this tranche at the current price. An exit price is a best and last offer on the tranches that the bidder is withdrawing. This offer will then be no higher than the previous price (at which the tranches were last bid), but higher than the

1661 current price (at which the bidder is unwilling to bid). For example, if at \$100.00/MW-
 1662 day a bidder was willing to serve 10 tranches, but at \$95.00/MW-day the bidder is willing
 1663 to serve only 8 tranches, then the bidder is withdrawing 2 tranches, and the bidder will
 1664 name an exit price higher than \$95.00/MW-day but no higher than \$100.00/MW-day.

1665 **Q. Why are exit prices needed?**

1666 A. The price ticks down in uneven, discrete decrements. The price does not tick down
 1667 continuously. An exit price enables the Auction Manager to determine which bidder
 1668 would have remained ready to serve a product had the price ticked down continuously
 1669 rather than in discrete decrements.

1670 The Auction Manager will use an exit price in the last round of bidding if the
 1671 tranches bid at the price of the final round are not sufficient to meet the need. For
 1672 example, in the next to last round, there could have been 26 tranches bid while 25
 1673 tranches were needed. In the last round, on the last price tick down, there could be two
 1674 tranches withdrawn so that 24 tranches were bid at the last round price. Bidding on the
 1675 segment would then be closed. The Auction Manager would retain one tranche to fill the
 1676 need. It would retain the tranche that had been withdrawn at the lowest exit price. This
 1677 exit price would then be the lowest price at which supply was just sufficient to meet the
 1678 need and would be the final auction price given to all bidders.

1679 **Q. What happens if there had been two bidders both submitting the same exit price?**

1680 A. In that case, the tie would be broken at random.

1681 **Q. Do round 3 and subsequent rounds of the Spot Market segment bidding proceed**
 1682 **just as round 2?**

1683 A. Yes.

Q. In the last example you gave the final auction price is an exit price. Will that always be the case?

A. No. If the number of tranches bid at price of the last round exactly equals the number of tranches needed, the bidding ends at the price of the last round. Just as before, all winners get the same price.

Q. Are the rules for the Fixed Pricing segment the same?

A. The Fixed Pricing segment has several products while the Spot Market segment has a single product. There are additional rules for the Fixed Pricing segment to accommodate the presence of multiple products, but essentially the rules that I have explained so far apply to both segments.

To summarize, these rules are the same for both segments:

- Each round has a bidding phase during which bidders submit bids, a calculating phase during which the Auction Manager tabulates the results, and a reporting phase during which bidders are provided with information about the general progress of the auction;
- In round 1, a bidder cannot bid on more tranches in total in a segment than the number of tranches in the bidder's indicative offer at the maximum starting price for that segment;
- In round 2 and each subsequent round, a bidder cannot bid on more tranches in total than the bidder bid in the previous round;
- A bidder, when withdrawing tranches from the auction, will name an exit price for the tranches being withdrawn.

1706 **Q. Why does the presence of multiple products in the Fixed Pricing segment require**
 1707 **additional rules?**

1708 A. Succinctly put, the presence of multiple products in the Fixed Pricing segment means that
 1709 a bidder can switch. A bidder switches when the bidder decreases the tranches bid on one
 1710 or more products and increases the tranches bid for other products. For example, if a
 1711 bidder bid 5 tranches BGS-FP 17-months and 5 tranches of BGS-FP 29-months in one
 1712 round, and then the bidder bids 10 tranches of BGS-FP 41-months in the next round, the
 1713 bidder is switching its tranches from BGS-FP 17-months and BGS-FP 29-months into
 1714 BGS-FP 41-months.

1715 **Q. Why does the possibility of switching in the Fixed Pricing segment require new**
 1716 **rules?**

1717 A. In the Spot Market segment, on the basis of the single BGS-LRTP product, a bidder
 1718 either maintains the number of tranches bid on this BGS-LRTP product or decreases its
 1719 tranches bid. There are only two choices. In the Fixed Pricing segment, where there are
 1720 multiple products, the bidder can maintain, decrease, or increase its number of tranches
 1721 bid on a given product. On a product-by-product basis, the bidder in the Fixed Pricing
 1722 segment has three choices (maintain, increase, decrease) instead of two as in the Spot
 1723 Market segment (maintain, decrease). This will require additional rules that I explain
 1724 below.

1725 Furthermore, in the Spot Market with a single product, the auction ends when the
 1726 number of tranches bid is, for the first time, at the number of tranches needed or below.
 1727 In the Fixed Pricing segment, if for a given product (e.g., BGS-FP 41-months) not
 1728 enough tranches are bid, it does not mean that bidding has closed for that product. It is

1729 possible for bidders to bid more tranches in a future if they switch their tranches from
1730 another product. The auction only ends when bidding has closed on all products.

1731 **Q. Can a bidder always decrease the number of tranches bid on a product in the Fixed**
1732 **Pricing segment, either by withdrawing these tranches completely from the auction**
1733 **or by switching the tranches to another product?**

1734 A. No. The price for a product will tick down from one round to the next only when there is
1735 more supply bid than is needed. If the price for a product has ticked down, a bidder can
1736 maintain, increase or reduce the number of tranches bid on that product. But if the price
1737 for a product has not ticked down, *i.e.*, the price has remained the same, the bidder cannot
1738 reduce the number of tranches bid on that product either by withdrawing these tranches
1739 completely from the auction or by switching the tranches to another product.

1740 **Q. Why must a bidder maintain its bid on a product if the price for that product has**
1741 **not ticked down?**

1742 A. A bid is binding offer to supply at a price. If, from one round to the next, the price on a
1743 product has not ticked down, the price has not changed and a bidder is required to
1744 maintain its number of tranches bid on that product.

1745 **Q. You mentioned that when a bidder is withdrawing price, the bidder is asked for**
1746 **additional information (namely for an exit price). When a bidder is switching**
1747 **tranches from one product to another, does the bidder have to provide additional**
1748 **information to the Auction Manager?**

1749 A. Sometimes the bidder will be asked to specify switching priorities to complete its bid.

1750 **Q. When are switching priorities required and why?**

1751 A. A bidder is asked for a switch priority when switching into several products. For
1752 example, if a bidder bids 10 tranches of BGS-LFP in one round, and in the next round,
1753 the same bidder bids 5 tranches of BGS-FP 17 months and 5 tranches of BGS-FP 29
1754 months, the bidder will be asked for switch priorities. A switching priority is a preference
1755 among the products for which the bidder is increasing the number of tranches bid. A
1756 switch priority of "1" to BGS-FP 29 months means that the preference goes to the
1757 product. The switching priority tells the Auction Manager that, if the request for the
1758 switch is partially denied, the bidder prefers that the tranches of BGS-FP 29 months be
1759 increased first.

1760 **Q. When would a request for a switch be partially denied?**

1761 A. From one round to the next, it is possible that the number of tranches bid for one product
1762 is above the need in one round, but as the price ticks down, the number of tranches bid
1763 falls below the need in the next round. In that case, the Auction Manager retains as many
1764 tranches on that product as are needed to fill the need by denying bidders' requests to
1765 withdraw tranches or by denying bidders' request to switch out of the product.

1766 In making sure that the product's need is filled, the Auction Manager always first
1767 takes tranches that are bid at the price for the round. If requests to withdraw or switch
1768 must be denied, the Auction Manager denies requests to withdraw first. If necessary, the
1769 Auction Manager will also deny request to switch.

1770 A request to switch would therefore be denied when the number of tranches bid at
1771 the current round's price, plus any tranches from withdrawals that the Auction Manager
1772 has denied, are still not enough to fill the need. A switch would be partially denied when

1773 some, but not all of the tranches from the switch must be retained to fill the product's
1774 need.

1775 **Q. When a request to withdraw or to switch is denied, at what price is bidder**
1776 **committed to supply these tranches?**

1777 A. The bidder is committed to supply the tranches at the lowest price at which the bidder has
1778 bid them. When a request to withdraw is denied and the tranches are retained, the bidder
1779 is committed to supply at the exit price that the bidder has named. When a request to
1780 switch is denied and the tranches are retained, the bidder is committed to supply at the
1781 last price at which the bidder has bid them, namely the previous round price.

1782 **Q. What is the rationale for denying requests to withdraw or to switch?**

1783 A. The mechanism of denying requests to withdraw or to switch serves an essential role. It
1784 ensures that once a product's need has been filled at any time during the auction, the
1785 product then always will have sufficient bids from that point on. If the product's price
1786 does not tick down, bidders must maintain their bids. If the products price does tick
1787 down, bidders can decrease their number of tranches bid, but their requests for
1788 withdrawals or switches will be denied as needed to fill the product's need.

1789 **Q. How then does the bidding end in the Fixed Pricing segment and how is the final**
1790 **price determined?**

1791 A. The bidding ends in the Fixed Pricing segment when prices can tick down no further.
1792 Bidding ends on all Fixed Pricing segment products at once.

1793 The final price for a product can be the price of the final round (if at that price,
1794 there is just enough bid for the product), or the previous price (if the Auction Manager

1795 must deny a switch in the last round), or an exit price (if the Auction Manager must deny
1796 withdrawals in the last round and does not need to deny a switch).

1797 **VII. THE AMEREN PROPOSAL MEETS ITS OBJECTIVES**

1798 **Q. What are the objectives of the Ameren proposal?**

1799 A. The Ameren proposal aims for a successful auction, namely one that:

- 1800 • Obtains reliable supply for its customers at competitive market prices, *i.e.*, at prices
1801 that are the result of competition and that are consistent with market conditions;
- 1802 • Provides protection to small customers from the volatility of short-term market
1803 fluctuations
- 1804 • Promotes the participation of all market participants on a fair and equal basis;
- 1805 • Provides reasonable protection against anti-competitive behavior;
- 1806 • Provides an objective and clear method for determining winning suppliers and final
1807 auction prices;
- 1808 • Provides for ICC involvement and oversight of the process.

1809 **Q. Do you believe that the Ameren proposal in general meets these objectives?**

1810 A. In my opinion, yes, it does.

1811 **Q. Can you elaborate by considering the product design incorporated into the Ameren
1812 proposal?**

1813 A. Certainly. The Ameren proposal on product design specifies that BGS suppliers will
1814 supply full-requirements service. This aspect of the proposal promotes the objective of
1815 obtaining supply at prices that are the result of competition and that are consistent with
1816 market conditions. The full-requirements product places risk management responsibility
1817 in the hands of competitive entities that are best suited to take, manage, and price these

1818 risks. A broad range of entities can be expected to be able to supply this product,
1819 including financial players and marketers and traders. The price is disciplined by
1820 competitive forces.

1821 The Ameren proposal on product design specifies that the BGS supplier
1822 responsibility will be determined on the basis of "tranches", where each tranche
1823 represents a fixed percentage of the requirement of BGS-FP load, BGS-LFP load, or
1824 BGS-LRTP load. The percentage of load corresponding to one tranche is chosen so that
1825 one tranche would be about 100 MW of peak load. The size of this tranche is small
1826 enough that: (a) there will be an adequate number of tranches for each product; and (b)
1827 the participation of smaller market players would be facilitated.

1828 The division of the load into tranches means that customers are not assigned to
1829 BGS suppliers. This is important to promoting participation and to promoting a
1830 competitive price that will be reflective of market conditions. Also, potential suppliers
1831 will not have to establish the infrastructure necessary to establish and maintain a retail
1832 relationship with customers - *e.g.*, billing, call-center, credit, and collections.
1833 Importantly, suppliers will not be responsible for collection risk from customers.

1834 The Ameren proposal incorporates a standard Supplier Forward Contract for each
1835 category of load. Prospective suppliers will be required to agree to the terms of the
1836 contract as a condition for qualifying for the auction. This feature of the proposal is
1837 central to the transparency of the process and to the ability of the process to treat all
1838 bidders on a fair and equal basis. All prospective bidders will know the terms because
1839 they are standardized and because the Auction Manager will have made the documents
1840 available to them before they apply to participate in the auction. Given that all bidders bid

1841 on the same products under the same terms and all fulfill the same qualification
1842 requirements, the proposed clock auction format can be used to the process and evaluate
1843 bids on the basis of price alone.

1844 The Ameren proposal procures supply for LC&I customers on a one-year basis.
1845 This promotes the objective of procuring supply at market-based prices. The rate design
1846 will ensure that retail rates reflect these prices. The Ameren proposal incorporates a term
1847 structure for R&SB customers that would procure supply on a rolling three-year basis.
1848 The procurement structure promotes the goal of procuring supply at market-based prices,
1849 but it also promotes the goal of providing protection from the volatility of short-term
1850 market fluctuations to smaller customers that may not have as many options for supply.
1851 By limiting the amount procured each year to a third, and thereby limiting the amount of
1852 load exposed to given market conditions, the term structure protects R&SB customers
1853 from the volatility of short-term market fluctuations.

1854 In the future, each year the auction will procure supply for one-third of the BGS-
1855 FP load for a three-year supply period. New Jersey has used this approach with success.
1856 The experience in that state suggests that there likely will be healthy participation in the
1857 auction in order to get a three-year contract. As noted, this promotes the goal of providing
1858 competitive market-based prices for customers, while being mindful that because smaller
1859 customers may not have as many alternative supply options they should be protected
1860 from the volatility of the short-term market.

Q. Are you aware that the term structure proposed by Commonwealth Edison for their R&SB customers is different from the term structure proposed by Ameren?

A. Yes, I am aware that the two proposals are different. Commonwealth Edison is proposing that the supply for its under 1 MW customers be procured through a blend of five-, three- and one-year terms. Every year, 15% of the load would be procured on a one-year basis, 20% would be procured on a three-year basis, and 5% would be procured for a five-year term. In its initial auction, Commonwealth Edison would procure supply by a blend of 17-month, 29-month, 41-month, 53-month, and 65-month terms.

Q. Do you believe that the term structures for Ameren and Commonwealth Edison must be harmonized in order to ensure success?

A. No. Prospective participants are being offered a variety of different products from which they can choose; this variety is not detrimental to the competition in the auction. Prospective participants should be able to appropriately price the different terms. The auction mechanics can accommodate one, two, or many products; the auction mechanics do not require that a particular number of products or a particular term structure be used. These remarks hold whether there is a single auction that includes Commonwealth Edison and Ameren products or whether there are separate auctions for the two companies. I do not see a problem with Ameren and Commonwealth Edison taking somewhat different approaches to term structure.

Q. You have stated that you believe that the Ameren proposal has the elements for a successful auction. Can you now elaborate by considering the auction format?

A. The auction format in the Ameren proposal is essentially the same as the auction format used in New Jersey. The way in which participants bid, the way in which bids are

processed, and the way in which the volume needed is met through the auction are identical. My remarks regarding the benefits of the auction format for New Jersey are therefore also relevant for the Ameren proposal. To summarize:

- The clock auction format, as an open auction, is an effective way of eliciting the best bids when all bidders are evaluating a common market opportunity and to get competitive prices consistent with the market;
- The clock auction, as a simultaneous auction, can be expected to lead to the efficient allocation of the supply responsibility over Ameren's different products;
- The auction format is ideally suited to the procurement of different products such as those in the Ameren proposal and to maximize the ability to fully subscribe each of those products;
- The rules are well specified and the bidders will be able to clearly understand how the final auction price is determined and how winning bidders emerge;
- The auction format does not advantage established players or affiliates and enables prospective bidders to participate on a fair and equal basis.

Q. Can you now elaborate on your statement that the Ameren proposal has the elements for a successful auction by considering the bidder interface, the qualification requirements, and the regulatory involvement?

A. The Ameren proposal promotes the equal and fair treatment of bidders through these elements of the proposal. Specifically:

- Ameren has identified the information needs of bidders and proposes that the Auction Manager disseminate the information through a web site and through information sessions;

- 1907 • The Ameren proposal foresees that the Auction Manager will manage the bidder
1908 interface;
- 1909 • The Ameren proposal foresees that the Auction Manager manages the qualification
1910 and registration of bidders, with the assistance of Ameren for the assessment of
1911 creditworthiness and the assistance of the Auction Advisor for association issues;
- 1912 • The Ameren proposal foresees a close involvement by the ICC, the ICC Staff, and the
1913 Auction Advisor;
- 1914 • The Ameren proposal requires all applicants to accept the terms of the standard
1915 contract and the Competitive Procurement Auction Rules before the auction so that
1916 all compete on the same terms.

1917 **Q. Can you now elaborate on your statement that the Ameren Proposal has the**
1918 **elements for a successful auction by considering the rate design?**

1919 A. The Ameren proposal contains a rate design proposal such that, before the auction,
1920 bidders can tell the retail rates that will prevail for any given auction price. Bidders will
1921 be able to reasonably evaluate the potential for migration and to make bids that reflect an
1922 analysis of this risk. This should help obtain competitive prices that are reflective of the
1923 market.

1924 **Q. Can you now elaborate on your statement that the Ameren Proposal has the**
1925 **elements for a successful auction by considering the competitive safeguards of the**
1926 **proposal?**

1927 A. The Ameren proposal includes sufficient competitive safeguards, as I explained above.
1928 To summarize, Ameren:

- 1929 • Includes provisions for a volume cutback by segment to promote a competitive
1930 outcome in each segment of the auction;
- 1931 • Specifies a contingency plan in case of volume cutback that appropriately ensures that
1932 bidders do not have an opportunity to contract with Ameren to serve BGS load except
1933 through the auction;
- 1934 • Proposes a load cap in each auction segment at a 50% level that can be expected to
1935 appropriately limit the influence of any one bidder, and to discipline bidders' ability
1936 to over-represent their interest in the auction, while not constraining the participation
1937 of marketers and financial players that form the bulk of the anticipated bidding pool;
- 1938 • Includes Associations and Confidential Information rules that will be administered
1939 through the qualification process and that can be expect to minimize the scope for
1940 anti-competitive behavior in each segment of the Ameren auction.

1941 **Q. Does this conclude your testimony?**

1942 A. Yes, it does.

Chantale LaCasse Exhibits

Exhibit Number	Exhibit Title
Resp. Ex. 6.1	List of Countries that have used an Simultaneous Multiple Round auction format to sell spectrum
Resp. Ex. 6.2	FCC Simultaneous Multiple Round Auctions (53 auctions total)
Resp. Ex. 6.3	Number of Winning New Jersey BGS-FP Suppliers by Year
Resp. Ex. 6.4	Winning New Jersey BGS-FP Suppliers by Year
Resp. Ex. 6.5	2002 New Jersey BGS Auction Results
Resp. Ex. 6.6	New Jersey BGS-FP Auction Results: 2003 - 2004
Resp. Ex. 6.7	Example of Clock Auction Process
Resp. Ex. 6.8	Example of Round Progression
Resp. Ex. 6.9	Competitive Procurement Auction Rules